

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 4642-01  
BILL NO.: HB 2090  
SUBJECT: Retirement: Regulatory Law Judges  
TYPE: Original  
DATE: March 14, 2000

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
Public Service Commission Funds	(\$37,026)	(\$44,432)	(\$44,432)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$37,026)</b>	<b>(\$44,432)</b>	<b>(\$44,432)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
None	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 3 pages.

## FISCAL ANALYSIS

### ASSUMPTION

Officials of the **Joint Committee on Public Employee Retirement** have reviewed this proposal and have determined that it does not represent a “substantial proposed change” in future plan benefits as defined in section 105.660(5), RSMo. Therefore, an actuarial cost statement is not required.

Officials of the **Office of Administration** assume any fiscal impact would be determined by the Missouri State Employees’ Retirement System.

Officials of the **Missouri State Employees’ Retirement System (MOSERS)** assume the proposal would provide that attorneys appointed by the Public Service Commission to preside over matters pending before the commission (excluding the general counsel or any attorney serving under the general counsel) would be transferred from the General Employee Plan to the Administrative Law Judges’ and Legal Advisors’ Plan. Contributions by the state to MOSERS would increase as shown below:

	Present Benefits	Proposed Benefits	Change
Contribution Rate	22.32%	22.02%	(0.30)% *
Valuation Payroll	\$3,489,000	\$3,915,000	\$426,000
Contributions	\$779,000	\$862,000	\$83,000

\* The new members under the proposed legislation have an average entry-age that is six years younger than that of the current group. This causes the contribution rate to decline as a percent of payroll since there is more time to accumulate assets prior to retirement. However, MOSERS officials note that it is important to note that the contributions would be higher due to an increase in the valuation payroll.

Officials of the **Department of Economic Development - Public Service Commission** also provided the above data in their estimate of fiscal impact.

**Oversight** also assumes that there would be some offsetting savings in that contributions to the General Employee Plan at the rate of 11.59% of salaries would no longer be made. Oversight calculated the net increase in state contributions based on the covered payroll of \$426,000 multiplied by the increase in the contribution rate for these employees of 10.43% (22.02% less

ASSUMPTION (continued)

11.59%). Annual contributions by the state to MOSERS would increase by \$44,432 as a result of the proposal.

	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>FISCAL IMPACT - State Government</u>			

**PUBLIC SERVICE COMMISSION  
FUNDS**

<u>Costs - increased contributions to MOSERS</u>	<u>(\$37,026)</u>	<u>(\$44,432)</u>	<u>(\$44,432)</u>
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	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>FISCAL IMPACT - Local Government</u>			
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

The proposal would add attorneys who preside over Public Service Commission matters, other than the commission's general counsel or attorneys serving under the general counsel, to the retirement system of administrative law judges and workers' compensation legal advisors.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement  
Office of Administration  
Missouri State Employees' Retirement System  
Department of Economic Development - Public Service Commission

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA  
Director  
March 14, 2000